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STATISTICAL BULLETIN

Highlights

- CONSUMER DEMAND IS MAINTAINING ITS STRENGTH, AMID FALTERING CONSUMER OPTIMISM; CAR AND HOME SALES SHOW SOME RECOVERY.
- TIGHT LABOR MARKETS CONTINUE TO FEED INFLATION CONCERNS.
- STRONG INDUSTRIAL GROWTH PERSISTS, BUT EXPORTS HAVE SLOWED.
- ON THE INFLATION WATCH: IF THE ECONOMY COOLS IN 1989, SO WILL INFLATION WORRIES.
- OUTLOOK • A VERY STRONG FIRST QUARTER 1989 APPEARS ASSURED. BUT SO DOES A SUBSTANTIAL SLOWDOWN THEREAFTER.

Volume 21, No. 12, December, 1988

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The Conference Board

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

OVERVIEW: The U.S. economy appears in peak condition. The problem: It may indeed be peaking. Consumer demand, long expected to run out of steam, remains quite robust, and there is continued strength in business spending on plant and equipment. Exports, although no longer explosive, are still rising. These trends are expected to persist, at least through the first quarter of 1989. Thereafter, the Economic Forecasts suggest that conditions will weaken.

Among other factors at play, interest rates were raised four times within the last six months. And rates could go higher. Inflationary pressure, principally from higher wage costs, is mounting, putting upward pressure on interest rates. The cumulative effect of higher rates is a slowing of activity, especially in interest-sensitive sectors. A falling dollar, a widening trade deficit, and tight monetary policy will all contribute to a slowdown in economic growth after the first quarter of 1989.

DOMESTIC MARKET MONITOR

The **Economic Forecasts** indicate that the unemployment rate will be higher, not lower, one year from now. This contrasts with job growth over the past 12 months, which brought the unemployment rate down to 5.4% in November, from 5.9% a year earlier. Were that to continue, the unemployment rate would be under 5% a year from now. That would send the hourly pay rate soaring as employers try to outbid each other for increasingly scarce qualified job applicants.

Nevertheless, the labor market may already be slowing. Labor productivity fell in both the second and third quarters (see chart on **Key Determinants of Profit Margins**). At least some employers, then, were hiring new workers to make up for the lost output per hour. But that increase in labor cost, in addition to the gains in hourly pay, will result in higher prices and lower demand for output and, hence, for labor input. Other negative signs in the labor market include the continued flatness in the Conference Board's **Help-wanted Index**, a measure of labor demand. Initial unemployment claims, which had been dropping sharply, have stabilized in recent weeks. These data suggest that gains in new hiring might begin to weaken after the first quarter of 1989.

INCOME: Gains in hiring, hours worked, and average hourly pay rates have maintained vigorous increases in wage income. Wages in commodity-producing industry were fully 2.4% higher in October than three months earlier, with an equal gain in the "other industry" category. And given the rise in jobs and hours worked in November, that very strong pace probably continued.

Nonwage income growth is strengthening. In fact, gains in rental and shopkeepers' income exceeded the gains in wage income over the last three months. Dividends and interest income are also rising strongly.

Not surprisingly, consumer borrowing remains sluggish. It has not been strong for some time, and higher interest rates this past summer, even before the latest hikes, helped discourage financed purchasing. With rates going still higher and with income gains strong, consumer borrowing is likely to remain sluggish.

Even though both job and income growth remain very strong, The Conference Board's **Consumer Confidence Index** fell to 113.1 (1985=100) in November versus 120.2 in May (its highest level this year). The drop off in the **Expectations Component** was a little more pronounced: 102 in November versus 114.4 in May. Those numbers suggest that consumers do not expect strong job and pay growth to continue indefinitely. But they also do not appear to believe that the bottom will fall out, rather that the economy will cool somewhat next year.

SPENDING: Given robust gains in income and a relatively high degree of consumer confidence, the rise in consumer spending is surprisingly meager. In fact, retail sales of durable goods, except cars, were actually 0.4% lower than three months earlier. Consumers have made some attempt to restock their savings. But the spending data might also reflect a rather full "stock" of major appliances and furniture—after years of strong spending on such durables.

One spending area that seems to have benefitted from strong income gains is car buying. New domestic **Automobile Sales** reached a seasonally adjusted 7.8 million annual rate in November, about a half million higher than in recent months. Yet, producers were expecting even higher sales and are generally expected to reinstitute incentive programs to clear unsold cars.

CONSTRUCTION: Home sales have also recovered somewhat in recent months. Single-family home sales were 4.3% higher in October than three months ago, and the inventory of unsold homes declined—apparently influencing homebuilders to step up activity. Single-unit starts were 5.2% higher in October than three months earlier. Some consumers probably bought a new home in October to beat the anticipated rise in mortgage rates in November. It is difficult to gauge how strong the housing recovery will remain, and for how long, as mortgage rates continue to rise.

The slump in nonresidential construction also appears to be reversing. Although office and commercial building are still declining, industrial and public building (except

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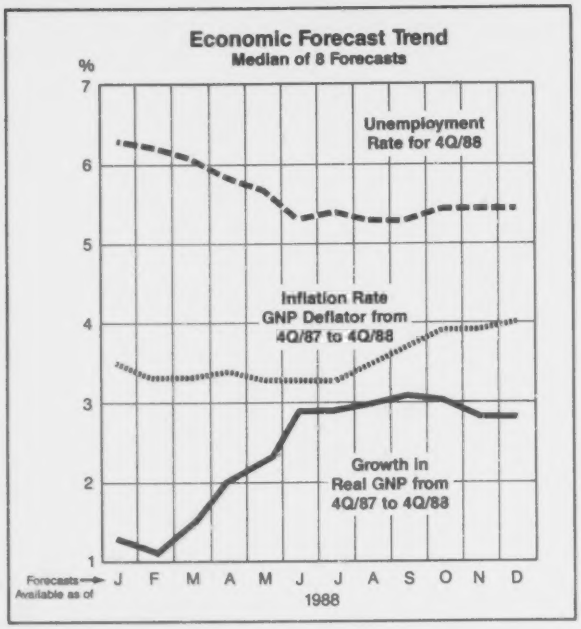


road construction) has strengthened. And the data on jobs and hours worked in construction in November suggest that both residential and nonresidential building might have increased that month.

PRODUCTION: Increases in business investment, in both plant and equipment, and in consumer spending, especially on nondurable goods, are resulting in continued strong gains in industrial output, rising capacity utilization, and higher manufacturing employment levels. Industrial output was 0.9% higher in October than three months earlier, despite a 0.2% decline in defense- and space-related output. Production of consumer durables was 1.4% higher, suggesting a lack of concern with the recent decline in spending in that area. The continued strong rise in manufacturing jobs and in hours worked in November suggests that production continued to expand sharply last month.

Consumer spending on durable goods may have sagged but new orders for durable goods, except for defense-related goods, continue to rise sharply. New orders were 2.3% higher in October than three months earlier. Moreover, despite the strong rise in production, the ratio of unfilled orders to shipments continued to fall. Thus, production schedules remain expansive, employers are hiring in a very tight labor market, and the order books continue to fill.

INVENTORY: The rise in inventory through most of this year has not resulted in any rise in the Inventory-to-Sales ratio, reflecting the degree of strength of industrial conditions. Total inventory, except cars at the retail level, was 1.9% higher in September than three months earlier, but the I/S ratio remained unchanged. Undoubtedly, the strong gains in durable-goods production in recent months, coupled with a slight drop in consumer purchases, resulted in some unintended inventory buildup. And, as mentioned earlier, unsold cars have piled up. Elsewhere, however, inventory levels remain stable relative to sales volume.

INFLATION: Continued tight labor-market conditions, sharp recent gains in hourly pay rates, and drought-induced food price hikes are causing inflationary fears as well as a rising chorus for higher interest rates. The fact that OPEC was able to agree on production levels, which has the potential for strengthening oil prices, is also a concern. And yet, despite strong durable-goods production, raw metal prices, after rising for six months, declined by 5% in November. Wholesale prices for crude materials, except food and energy, rose only 0.2% in October, after falling by 0.6% in September.

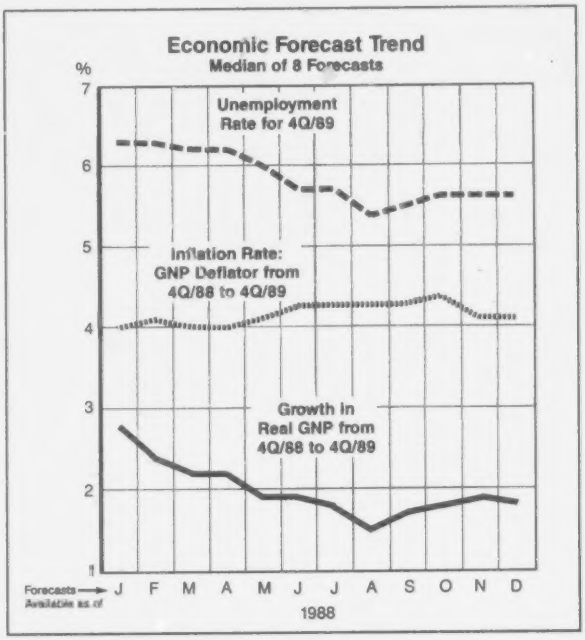
These data show that inflation has not yet broken its chains. The consensus of the **Economic Forecasts** is that the CPI is rising at just under 5%, annualized, in the fourth quarter of 1988 and may not rise any faster by the fourth quarter of 1989. Even the most pessimistic forecast calls for no more than a 6% rate by the first quarter of 1990. All of these forecasts, however, assume the economy will slow in 1989.

INTERNATIONAL MONITOR

The merchandise trade balance has improved. Despite robust growth in consumer and business spending, imports have declined in recent months. Imports of manufactured goods were 5.6% lower in September than three months earlier, despite a 6.5% rise in shipments of autos and parts. The fall in imports probably reflects a drop in demand resulting from earlier declines in the dollar.

Exports are rising because of the cheap dollar and because economic growth abroad has picked up recently (see the **Selected International Comparisons** chart). Still, total exports of manufactured goods were only 2.5% higher in September than three months earlier. That suggests that improvement in the trade balance could well be slowing.

Ken Goldstein
December 7, 1988

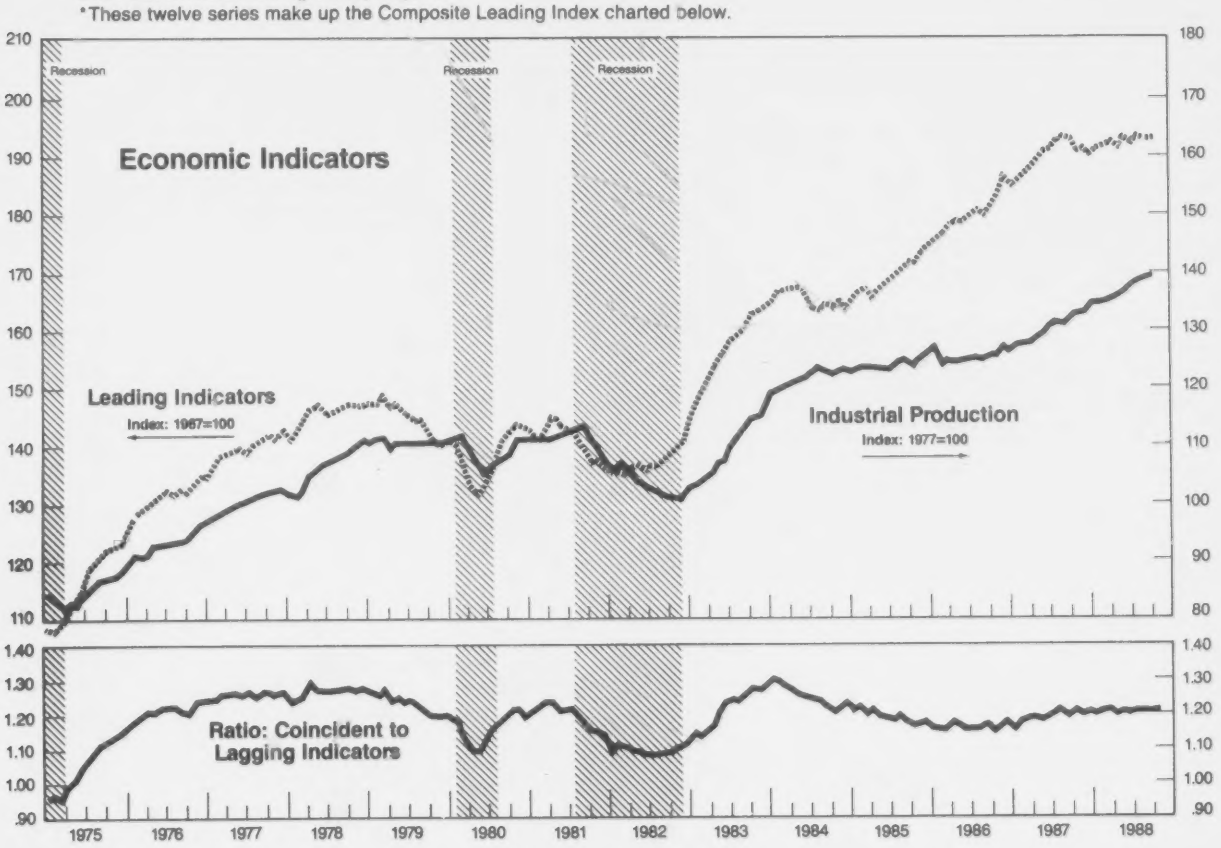


STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over Latest Three Months	Change from Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Oct.		X		0.3%	0.5%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Oct.			X	- 6.9%	6.3%
New orders, nondefense capital goods (deflated)	Oct.			X	- 6.4%	11.0%
*New business formation	Oct.	X			2.6%	3.4%
*Housing permits	Oct.	X			6.8%	4.3%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Oct.	X			4.0%	2.1%
*Change in inventory, on hand & order (deflated)	Sept.	X			20.5%	-30.1%
Purchasing manager's buying policy	Nov.			X	-12.2%	-14.0%
*Vendor performance, reported slower deliveries	Oct.			X	-11.8%	-14.3%
Industrial raw materials prices	Oct.			X	- 1.6%	3.3%
*Change in sensitive material prices	Oct.			X	-110.9%	-104.6%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Oct.			X	- 0.8%	0.7%
Change in business loans	Oct.	X			42.4%	- 23.9%
*Change in credit outstanding	Sept.			X	-58.6%	-53.9%
Change in consumer installment debt	Sept.			X	-76.7%	-60.7%
Profitability						
Total corporate profits, after tax (deflated)	2nd.Q	X			9.1%	13.8%
*Common stock prices	Nov.	X			2.9%	10.7%
Marginal Employment Adjustments						
*Average workweek, mfg.	Nov.	X			0.2hr	0.0hr
*Initial unemployment claims (inverted)	Oct.	X			13.2%	0.7%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington. D.C.: Government Printing Office) May, 1977.

*These twelve series make up the Composite Leading Index charted below.



CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1987 Oct.	1988 Jul.	Aug.	Sept.	Oct.(e)
Principal Diffusion Index	64.3	58.8r	56.4r	55.6r	59.4
Auxillary Diffusion Index	48.1	44.8r	42.3r	47.6r	62.1
Industrial Group	64.7	56.6r	53.8r	56.0r	60.3
Nonindustrial Group	63.8	60.9r	59.0r	55.3r	58.4
Sense of Diffusion	1	1	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	69.7	62.8	58.1r	64.5r	70.1
Labor	60.9	55.0r	52.4r	56.3r	61.4
Miscellaneous	66.7	51.3	50.6	42.3	42.9
Nonindustrial Subgroups					
Prices	76.3	50.6	42.9	43.6	44.2
Consumer	64.5	67.9	68.2	63.2	69.0
Building	44.2	64.1	55.8	47.4r	55.8
Miscellaneous	67.9	58.5r	62.6r	60.5r	59.0

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

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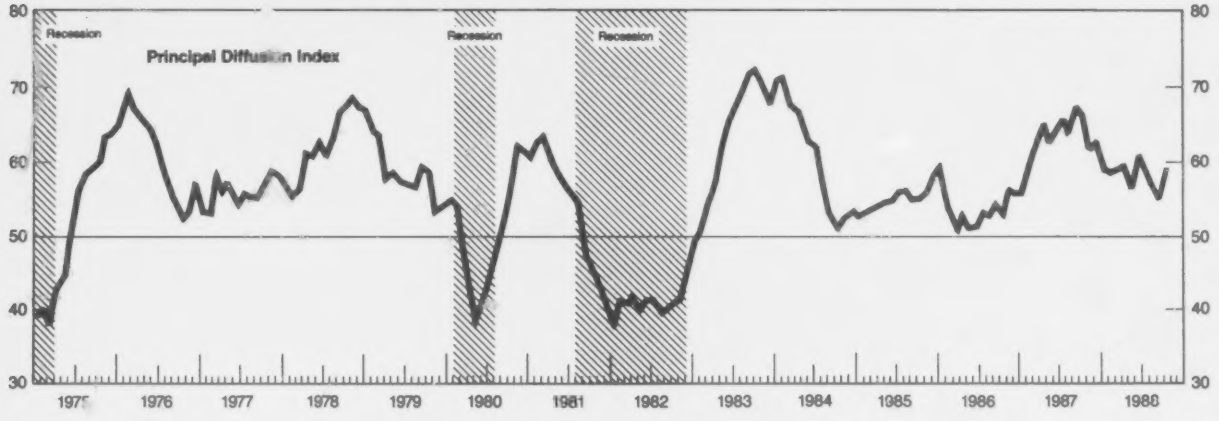
The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1985 Nov.	1986 Feb.	1986 May	1986 Aug.	1986 Nov.	1987 Feb.	1987 May	1987 Aug.	1987 Nov.	1988 Feb.	1988 May	1988 Aug.
	Score (scale 0-100)											
Measure of Business Confidence	55	61	61	50	51	55	55	59	47	51	58	56
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	53	63	61	44	50	56	55	62	50	49	64	65
2. Expectations for Economy, Six Months Ahead	56	62	62	52	51	54	53	56	43	50	54	51
3. Expectations for Own Industry, Six Months Ahead	56	59	60	54	53	56	56	58	48	54	55	53

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

ECONOMIC FORECASTS

			U.C.L.A.[1] Business Forecasting Project		Merrill Lynch[1] Economics Inc.		E.I. duPont[1] de Nemours & Co.		Georgia State University[1]	
Date of Forecast			*Nov., 1988*		*Nov., 1988*		*Nov., 1988*		*Nov., 1988*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1988**	**III**	**$4909.2**	**7.3%**	**$4909.2**	**7.3%**	**$4909.2**	**7.3%**	**$4909.2**	**7.3%**
Forecast	1988	IV	4954.2	3.7	4993.8	7.1	4978.3	5.6	4964.8	4.6
	1989	I	5057.6	8.6	5110.3	9.7	5077.8	8.2	5076.9	9.3
		II	5119.4	5.0	5193.2	6.6	5135.8	4.6	5157.7	6.5
		III	5169.0	3.9	5244.1	4.0	5206.6	5.6	5256.2	7.9
		IV	5215.9	3.7	5290.8	3.6	5272.6	5.2	5313.0	4.4
	1990	I	5273.5	4.5	5369.2	6.1	5347.8	5.8	5368.5	4.2
		II	5333.7	4.6			5434.1	6.6	5423.5	4.2
		III	5404.3	5.4			5521.1	6.6		
		IV	5476.7	5.5			5617.9	7.2		
	1988	Annual	4852.8	7.2	[illegible]	7.4	4859.0	7.3	4855.6	7.3
	1989	Annual	5140.5	5.9	5209.6	7.1	5099.6	5.0	5201.0	7.1
	1990	Annual	5372.1	4.5			5480.2	7.5		
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1988**	**III**	**$4010.9**	**2.6%**	**$4010.9**	**2.6**	**$4010.9**	**2.6%**	**$4010.9**	**2.6%**
Forecast	1988	IV	4016.3	0.5	4032.5	2.2	4031.0	2.0	4023.3	1.2
	1989	I	4065.8	5.0	4082.1	5.0	4072.0	4.1	4071.3	4.9
		II	4074.1	0.8	4099.2	1.7	4076.0	0.4	4093.4	2.2
		III	4071.9	–0.2	4086.6	–0.3	4090.0	1.4	4112.8	1.9
		IV	4071.0	–0.1	4090.8	–0.6	4100.0	1.0	4134.6	2.1
	1990	I	4070.7	0.0	4104.5	1.3	4120.0	2.0	4136.0	0.1
		II	4077.5	0.7			4145.0	2.4	4127.5	–0.8
		III	4092.9	1.5			4170.0	2.4		
		IV	4109.5	1.6			4205.0	3.4		
	1988	Annual	3992.1	3.8	3996.2	3.9	3995.8	3.9	3993.9	3.8
	1989	Annual	4070.7	2.0	4092.2	2.4	4084.5	2.2	4103.0	2.7
	1990	Annual	4087.7	0.4			4160.0	1.8		
Gross National Product deflator Index, 1982 = 100										
Actual	**1988**	**III**	**122.4**	**4.5%**	**122.4**	**4.5%**	**122.4**	**4.5%**	**122.4**	**4.5%**
Forecast		IV	123.4	3.2	123.8	4.8	123.5	3.7	123.4	3.3
	1989	I	124.4	3.4	125.2	4.4	124.7	3.9	124.7	4.3
		II	125.7	4.1	126.7	4.9	126.0	4.2	126.0	4.2
		III	126.9	4.2	128.0	4.2	127.3	4.2	127.8	5.8
		IV	128.1	3.8	129.3	4.2	128.6	4.1	128.5	2.2
	1990	I	129.5	4.5	130.8	4.7	129.8	3.8	129.8	4.1
		II	130.8	3.9			131.1	4.1	131.4	5.0
		III	132.0	3.8			132.4	4.0		
		IV	133.3	3.8			133.6	3.7		
	1988	Annual	121.6	3.3	121.7	3.4	121.6	3.3	121.6	3.3
	1989	Annual	126.3	3.9	127.3	4.6	126.7	4.2	126.8	4.3
	1990	Annual	131.4	4.1			131.7	4.0		
Unemployment Rate										
Actual	**1988**	**III**		**5.5%**		**5.5%**		**5.5%**		**5.5%**
Forecast		IV		5.5		5.4		5.3		5.3
	1989	I		5.5		5.4		5.4		5.1
		II		5.6		5.3		5.5		5.0
		III		5.7		5.5		5.5		5.0
		IV		5.8		5.9		5.6		5.0
	1990	I		6.1		6.2		5.6		5.2
		II		6.3				5.6		5.4
		III		6.4				5.5		
		IV		6.6				5.5		
	1988	Annual		5.5		5.5		5.5		5.5
	1989	Annual		5.6		5.5		5.5		5.0
	1990	Annual		6.3				5.6		5.3

Notes: [1]Based on revised third quarter data.

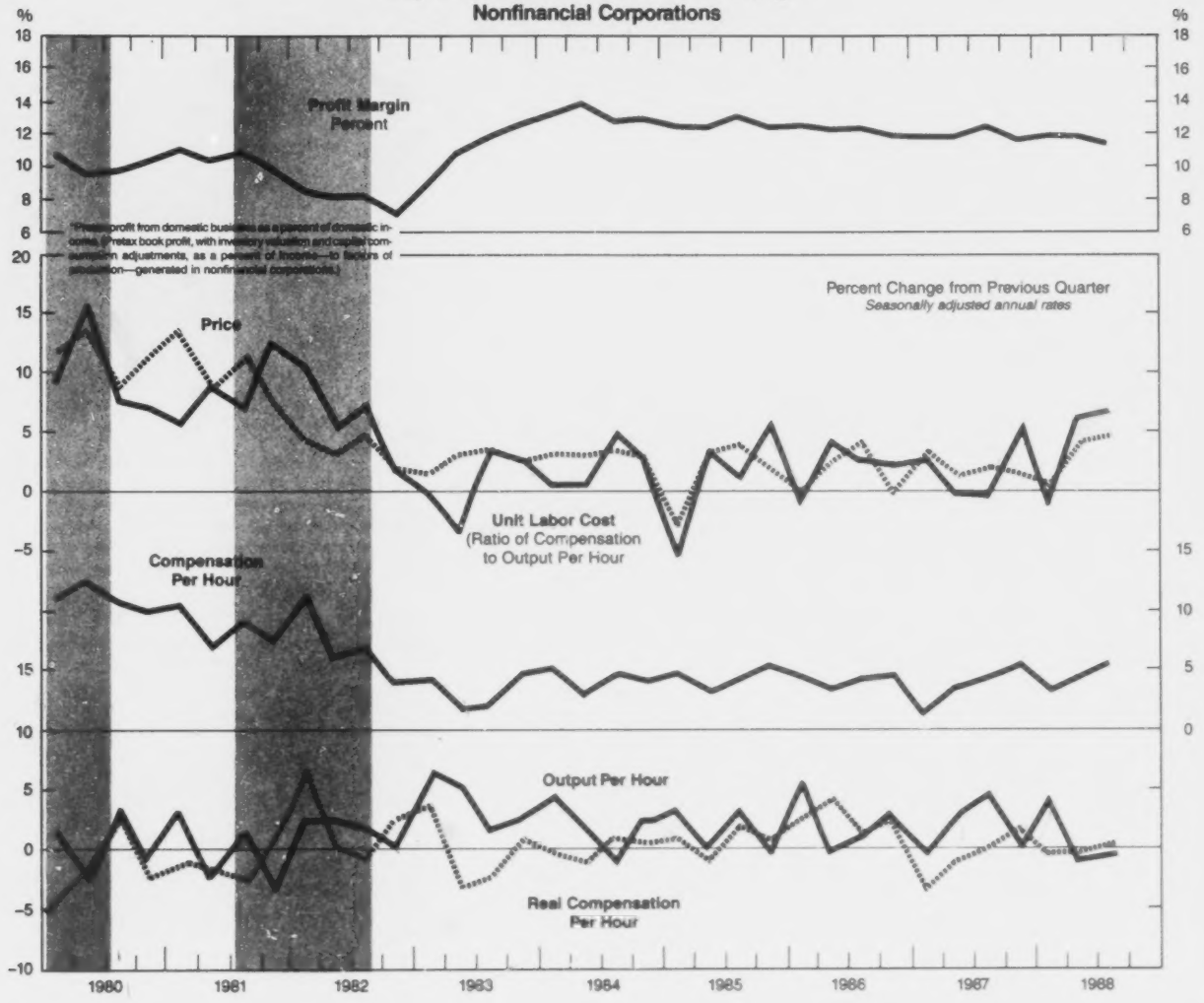
ECONOMIC FORECASTS (continued)

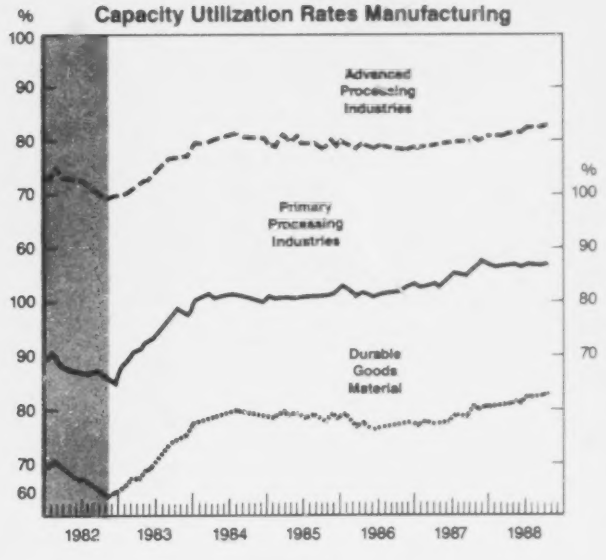
The Conference Board[1]		Laurence H. Meyer Associates, Inc.[1]		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
Nov., 1988		Nov., 1988		Nov., 1988		Nov., 1988		Date of Forecast		
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
								Gross National Product Billions of Current Dollars		
$4909.2	**7.3%**	**$4909.2**	**7.3%**	**$4909.2**	**7.3%**	**$4909.2**	**7.3%**	**III**	**1988**	**Actual**
4988.0	6.6	4998.6	7.5	4988.4	6.6	4994.4	7.1	IV		Forecast
5120.0	11.0	5118.1	9.9	5086.3	8.1	5097.0	8.5	I	1989	
5195.0	6.0	5191.5	5.9	5146.0	4.8	5175.4	6.3	II		
5244.0	3.8	5259.0	5.3	5209.3	5.0	5258.2	6.6	III		
5280.0	2.8	5327.8	5.3	5274.7	5.1	5340.1	6.4	IV		
5327.0	3.6	5421.5	7.2	5348.8	5.7	5427.2	6.7	I	1990	
5400.0	5.6	5502.1	6.1	5427.2	6.0	5518.7	6.9	II		
5516.0	8.9	5583.6	6.1	5524.8	7.4	5613.3	7.0	III		
5613.0	7.2	5672.7	6.5	5626.3	7.6	5709.4	7.0	IV		
4861.4	7.4	4864.0	7.5	4861.5	7.4	4863.0	7.4	Annual	1988	
5209.8	7.2	5224.1	7.4	5179.1	6.5	5217.7	7.3	Annual	1989	
5464.0	4.9	5545.0	6.1	5481.8	5.8	5567.2	6.7	Annual	1990	
								Gross National Product Billions of Constant (1982) Dollars		
$4010.9	**2.6%**	**$4010.9**	**2.6%**	**$4010.9**	**2.6%**	**$4010.9**	**2.6%**	**III**	**1988**	**Actual**
4025.8	1.5	4032.1	2.1	4033.0	2.2	4040.0	2.9	IV		Forecast
4079.6	5.5	4083.7	5.2	4082.1	5.0	4076.0	3.6	I	1989	
4087.3	0.8	4103.6	2.0	4089.0	0.7	4092.2	1.6	II		
4074.4	–1.3	4122.9	1.9	4096.4	0.7	4112.8	2.0	III		
4055.3	–1.9	4145.0	2.2	4109.4	1.3	4137.9	2.5	IV		
4047.9	–0.7	4169.1	2.3	4122.0	1.2	4156.1	1.8	I	1990	
4060.2	1.2	4191.0	2.1	4142.7	2.0	4181.0	2.4	II		
4098.1	3.8	4213.3	2.1	4177.4	3.4	4206.1	2.4	III		
4118.1	2.0	4240.0	2.6	4213.1	3.5	4234.5	2.7	IV		
3994.5	3.8	3996.1	3.9	3996.3	3.9	3998.1	3.9	Annual	1988	
4074.2	2.0	4113.8	2.9	4094.2	2.5	4104.7	2.7	Annual	1989	
4081.1	0.2	4203.4	2.2	4163.8	1.7	4194.4	2.2	Annual	1990	
								Gross National Product deflator Index, 1982 = 100		
122.4	4.5%	122.4	4.5%	122.4	4.5%	122.4	4.5%	III	1988	Actual
123.9	5.0	124.0	5.2	123.7	4.3	123.6	4.1	IV		Forecast
125.5	5.3	125.3	4.5	124.6	3.0	125.0	4.7	I	1989	
127.1	5.2	126.5	3.8	125.8	4.1	126.5	4.6	II		
128.7	5.1	127.6	3.3	127.2	4.3	127.8	4.4	III		
130.2	4.7	128.5	3.1	128.4	3.8	129.1	3.8	IV		
131.6	4.4	130.0	4.8	129.8	4.5	130.6	4.8	I	1990	
133.0	4.3	131.3	3.9	131.0	3.9	132.0	4.4	II		
134.6	4.9	132.5	3.8	132.3	3.9	133.5	4.5	III		
136.3	5.2	133.8	3.9	133.5	4.0	134.8	4.2	IV		
121.7	3.4	121.7	3.4	121.6	3.4	121.6	3.4	Annual	1988	
127.9	5.1	127.0	4.3	126.5	4.0	127.1	4.5	Annual	1989	
133.9	4.7	131.9	3.9	131.6	4.1	132.7	4.4	Annual	1990	
								Unemployment Rate		
	5.5%		**5.5%**		**5.5%**		**5.5%**	**III**	**1988**	**Actual**
	5.5		5.3		5.3		5.4	IV		Forecast
	5.5		5.3		5.4		5.3	I	1989	
	5.6		5.4		5.5		5.4	II		
	5.9		5.4		5.6		5.5	III		
	6.3		5.4		5.7		5.6	IV		
	6.4		5.4		5.8		5.7	I	1990	
	6.3		5.5		5.9		5.8	II		
	6.0		5.5		5.8		5.9	III		
	5.8		5.5		5.8		5.9	IV		
	5.5		5.5		5.5		5.5	Annual	1988	
	5.8		5.4		5.5		5.5	Annual	1989	
	6.1		5.5		5.8		5.8	Annual	1990	

CBDB

ATTENTION DATA USERS: All data in this publication are available ONLINE in our statistical database, CBDB. For more information, contact Linette Waters at (212) 759-0900.

Key Determinants of Profit Margin

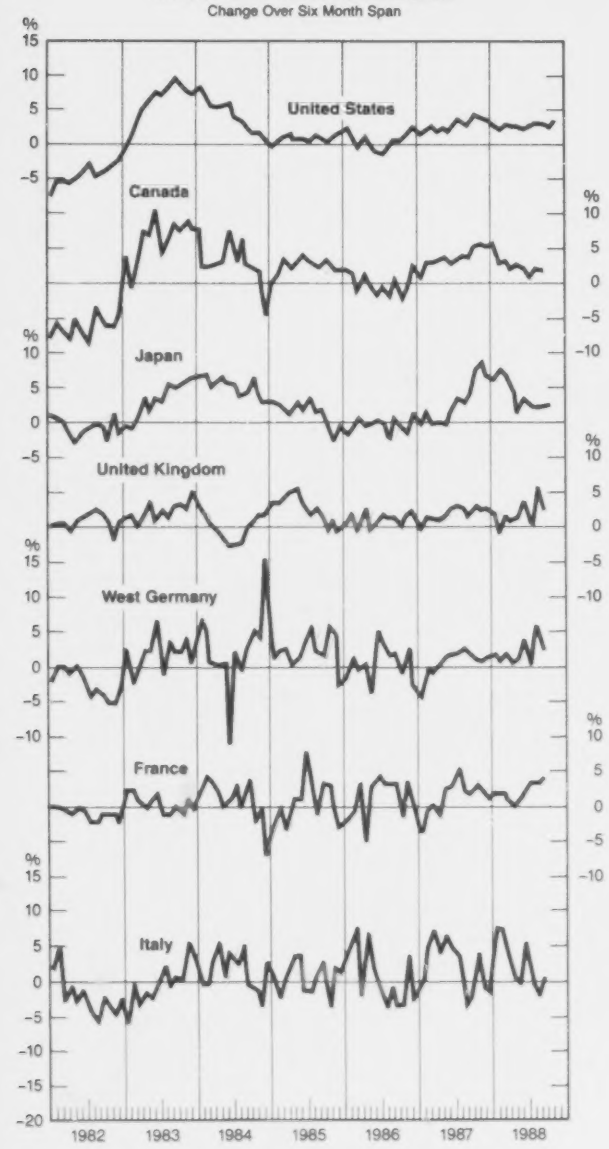




Selected International Comparisons

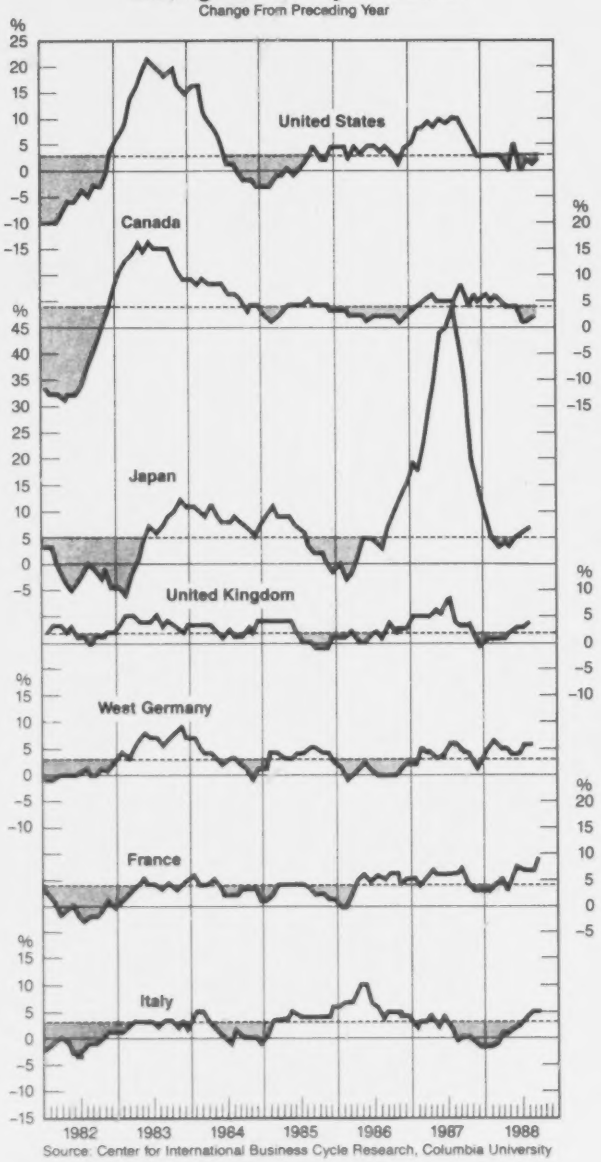
Industrial Production Indexes

Change Over Six Month Span



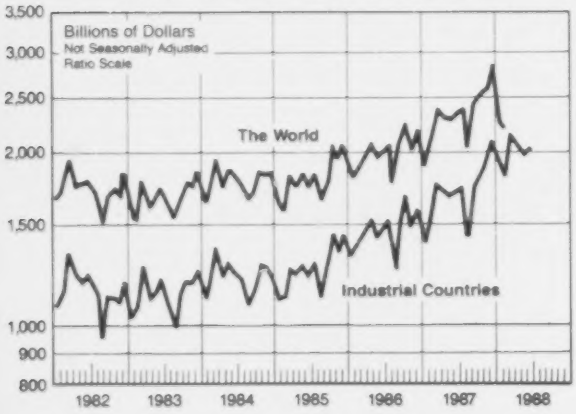
Leading Business Cycle Indexes

Change From Preceding Year

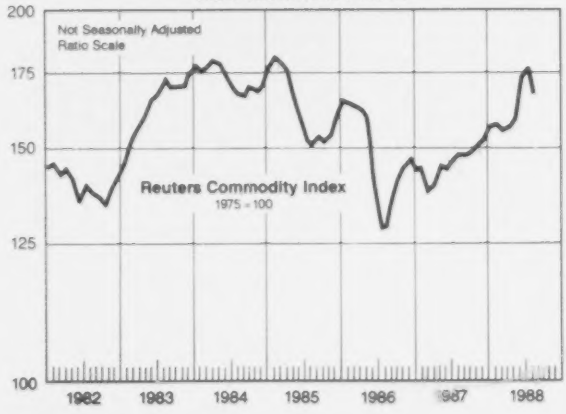


Source: Center for International Business Cycle Research, Columbia University

Merchandise Trade: Value of Exports



Raw Materials Prices



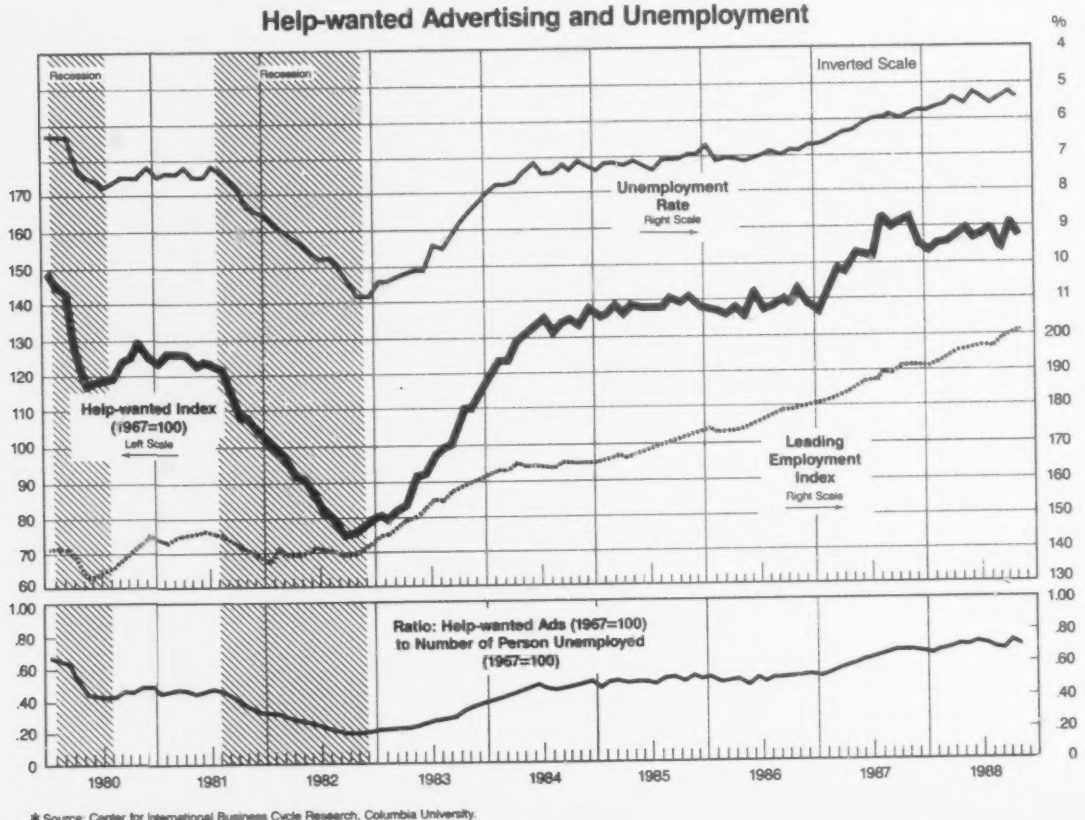
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEX

Seasonally Adjusted Indexes, 1967 = 100

Locality	1988 Oct.	1988 Sep.	1988 Aug.	1987 Oct.
National Index	160	153	160	161
New England	141	141	145	178
Boston	136	133	143	178
Hartford	152	149	152	189
Providence	151	159	147	170
Middle Atlantic	88	85	89	95
Albany	219	239	235	311
Allentown	376	395	397	382
New York	58	56	59	66
Philadelphia	79	68	73	81
Pittsburgh	101	100	105	93
Rochester	112	91	104	103
Syracuse	172	171	170	152
East North Central	110	105	110	105r
Chicago	110	110	117	113r
Cincinnati	175	179	173	165
Cleveland	80	71	77	69
Columbus	183	171	189	185
Dayton	98	92	94	90
Detroit	65	58	61	57
Gary	207	197	198	183
Indianapolis	132	129	136	115
Milwaukee	95	88	85	96r
Toledo	144	140	146	131
West North Central	105	94	102	98
Kansas City	132	118	139	141
Minneapolis	96	86	96	89
Omaha	180	168	158	150r
St. Louis	78	68	70	68
South Atlantic	218	211r	221r	228r
Atlanta	267	256	268	279
Baltimore	273	266r	269	280
Charlotte	212	207	215	208r
Jacksonville	225	231	243	226
Miami	177	172	180	177r
Richmond	154	139	154	162
Washington, D.C.	N.A.	180r	194r	206
East South Central	193	189	196	188
Birmingham	195	196	201	179
Knoxville	337	322	340	297
Louisville	N.A.	107	107	98
Memphis	155	140	150	150
Nashville	250	257	266	285r
West South Central	181	174	180	175
Dallas	147	145	154	151
Houston	262	255	262	256
New Orleans	129	126	126	119
Oklahoma City	124	116	123	116
San Antonio	157	142	141	141
Tulsa	156	145	150	140
Mountain	319	304	311	322
Denver	225	202	213	218
Phoenix	406	401	404	450
Salt Lake City	378	366	371	342
Pacific	269	250	261	256
Los Angeles	178	165	180	172
Sacramento	524	522	497	488
San Bernadino	N.A.	261	311	322
San Diego	675	571	601	591
San Francisco	269	262	261	269
Seattle	284	267	265	246
Percentage of papers with rising volume	86	20	45r	73
Unemployment rate	5.3	5.4	5.6	6

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



* Source: Center for International Business Cycle Research, Columbia University.

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND EXPECTATIONS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1985	102.0	103.1	96.1	104.4	99.6	102.6	103.2	100.9	96.0	96.1	98.1	98.2
1986	96.9	96.0	95.1	100.0	100.2	100.0	97.5	91.7	89.7	85.9	89.7	93.2
1987	85.4	91.8	95.8	97.4	103.0	102.1	105.8	110.7	115.7	115.1	100.8	107.7
1988	109.9	114.9	112.7	115.7	120.2	115.7	113.5	119.7	110.7	116.9r	113.1p	

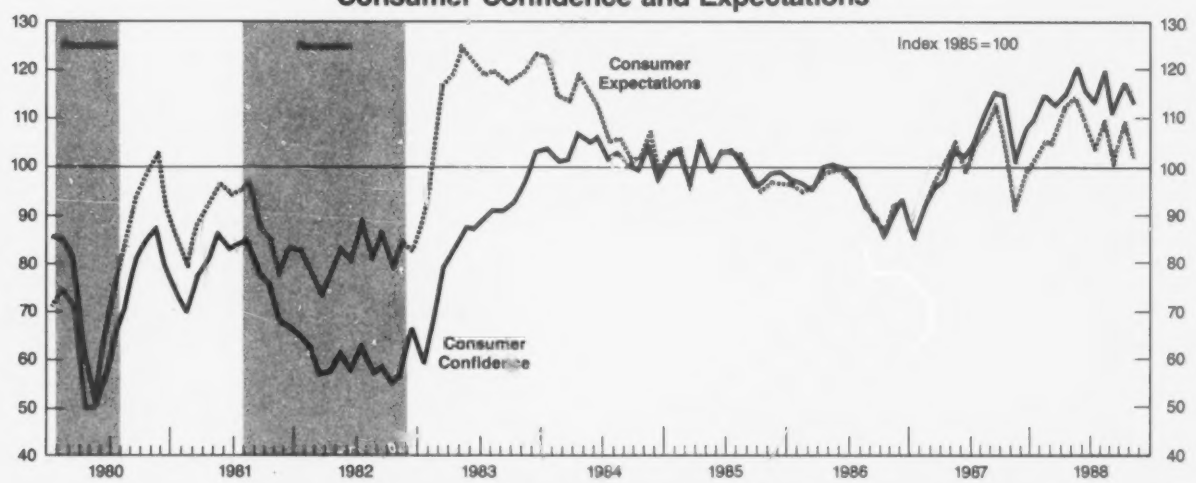
Expectations Index

1985	102.5	103.9	95.9	105.1	99.6	102.7	102.5	102.1	96.3	94.5	96.8	98.2
1986	96.3	94.4	95.5	99.0	99.4	99.7	96.4	92.0	89.4	86.1	92.0	92.2
1987	85.6	91.8	96.8	100.5	105.6	98.2	105.6	107.5	112.5	108.9	90.9	99.6
1988	102.2	105.5	104.9	112.8	114.4	108.6	103.7	109.4	100.1	109.3r	102p	

Confidence Index measures consumer optimism in appraising economic conditions. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

Consumer Confidence and Expectations



CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

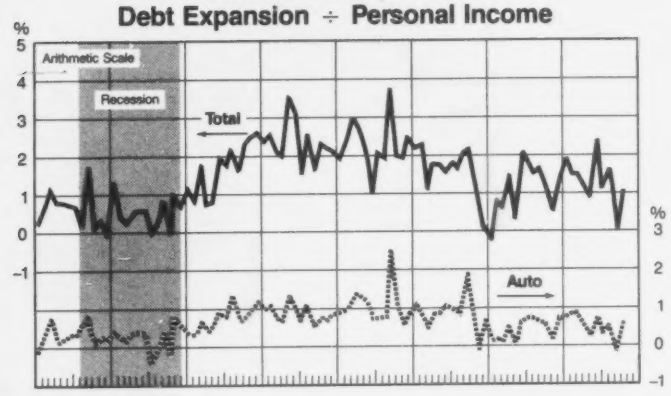
	1986	1987				1988		Percent Change From Previous Year	
								Actual	Estimate
	IV-86	I-87	II-87	III-87	IV-87	I-88(r)	II-88(p)	1987	1988
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	20.097	21.441	32.257	29.561	35.909	30.846	39.682	31%	23%
Capital expenditures	23.299	20.801	25.933	27.381	29.820	29.412	31.469	11	26
Change in appropriations backlog*	−10.990	−0.550	5.460	−0.080	3.510	0.650	7.840		
Durable Goods									
New appropriations	10.807	9.746	16.515	17.208	20.245	14.310	18.442	55	20
Capital expenditures	12.915	11.124	14.006	13.970	16.037	15.780	16.368	17	26
Change in appropriations backlog*	−4.140	−2.070	2.310	2.930	3.810	−1.720	2.530		
Nondurable Goods									
New appropriations	11.290	11.695	15.742	12.353	15.664	16.536	21.240	24	25
Capital expenditures	10.384	9.677	11.927	13.411	13.783	13.632	15.101	6	26
Change in appropriations backlog*	−6.853	1.520	3.160	−3.010	−0.300	2.590	5.310		
ELECTRIC & GAS UTILITIES									
New appropriations	5.468r	6.528r	5.605r	5.174r	6.286r	8.083	4.439		
Capital expenditures	6.114r	7.662r	7.072r	7.771r	6.590r	6.857	6.620		
Change in appropriations backlog*	−1.185r	−0.720r	−1.610r	−2.840r	−0.430r	1.235	−2.630		

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

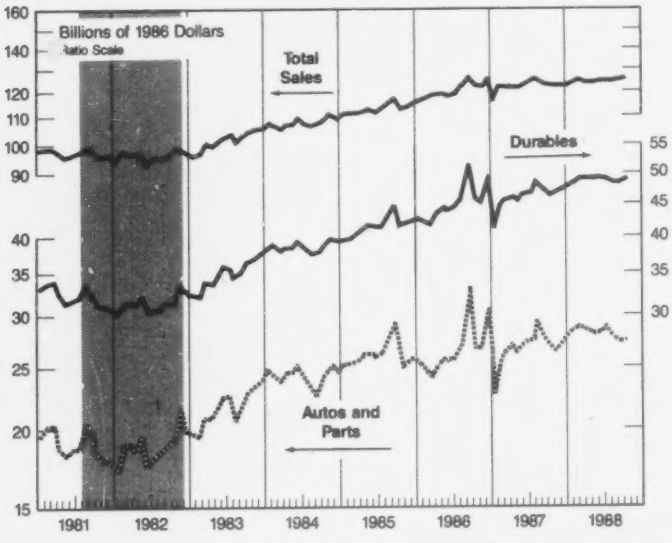
r—revised p—preliminary

* Change in Backlog = New Appropriations − (Expenditures + Cancellations and Other Adjustments).

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



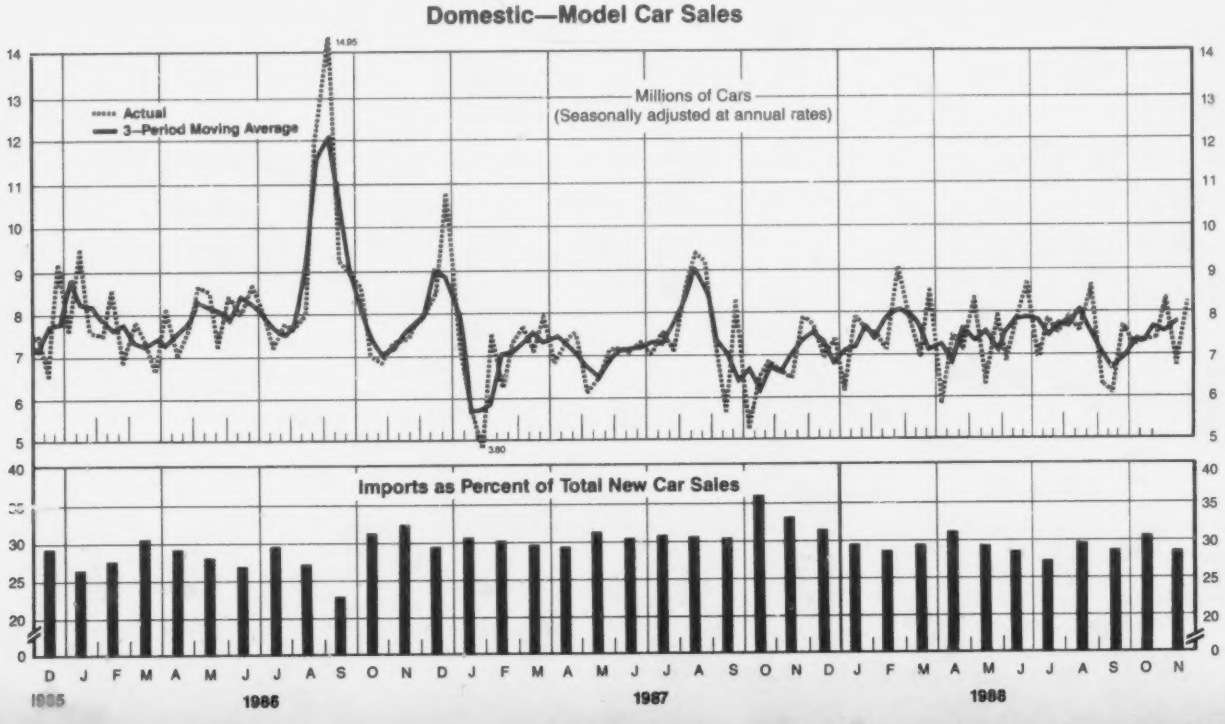
CONFERENCE BOARD ESTIMATES OF N[illegible] AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1985	1986	1987	1988
January:	1-10	8.23	7.61	7.42	6.06
	11-207.84	8.00	9.45	5.97	7.89
	21-31	7.77	7.57	3.80	7.56
February:	1-10	7.24	7.56	7.46	7.51
	11-20	7.70	8.55	6.34	7.11
	21-28(29)	9.17	6.80	7.28	9.03
March:	1-10	8.09	7.76	7.60	7.88
	11-20	8.90	7.37	7.08	6.94
	21-31	8.52	6.69	7.99	8.50
April:	1-10	7.87	8.09	6.87	5.82
	11-20	9.24	7.07	7.35	7.45
	21-30	8.03	7.55	7.57	7.04
May:	1-10	7.91	8.63	6.17	8.37
	11-20	8.76	8.56	6.43	6.31
	21-31	8.09	7.22	7.08	7.99
June:	1-10	8.33	8.40	7.14	6.81
	11-20	7.66	8.00	7.10	7.97
	21-30	7.08	8.60	7.27	8.70
July:	1-10	7.38	8.04	7.04	6.91
	11-20	7.75	7.15	7.54	7.82
	21-31	7.38	7.77	7.11	7.46
August:	1-10	7.11	7.63	8.55	7.93
	11-20	8.06	7.95	9.32	7.59
	21-31	13.41	11.80	9.15	8.60
September:	1-10	10.93	14.95	7.20	6.31
	11-20	9.10	9.25	5.71	6.08
	21-30	10.69	8.91	8.29	7.65
October:	1-10	7.01	8.60	5.25	7.20
	11-20	6.84	7.00	6.47	7.37
	21-31	7.32	6.88	6.86	7.38
November:	1-10	7.04	7.26	6.68	8.35
	11-20	6.88	7.39	6.44	6.70
	21-30	7.31	7.69	7.88	8.21
December:	1-10	7.49	7.88	7.72	
	11-20	6.60	8.42	6.93	
	21-31	9.12	10.71	7.33	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic—Model Car Sales


Actual
3–Period Moving Average
Millions of Cars
(Seasonally adjusted at annual rates)
14.95
3.80
Imports as Percent of Total New Car Sales
D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N
1985
1986
1987
1988